

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA  
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**Re: Docket Nos. 7505, 7507**

**JOINDER OF AD HOC GROUP OF CONSTITUTIONAL DEBTHOLDERS TO AMBAC  
ASSURANCE CORPORATION'S REQUESTS FOR RULE 2004 DISCOVERY**

To the Honorable Judith G. Dein:

1. The Ad Hoc Group of Constitutional Debtholders (the “Ad Hoc Group”)<sup>2</sup> joins in *Ambac Assurance Corporation’s Motion to Compel Compliance with the Court’s December 15, 2017 and February 26, 2018 Orders Regarding the Urgent Renewed Joint Motion of the Ad Hoc Group of General Obligation Bondholders, Ambac Assurance Corporation, Assured Guaranty Corp., Assured Guaranty Municipal Corp., the Mutual Fund Group, and National Public Finance Guarantee Corporation for Order Authorizing Rule 2004 Examination* [Docket No. 7505] and *Ambac Assurance Corporation’s Motion for Entry of Order Authorizing Discovery Under*

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> See *Third Supplemental Verified Statement of the Ad Hoc Group of Constitutional Debtholders Pursuant to Federal Rule of Bankruptcy Procedure 2019* [Docket No. 6067].

*Bankruptcy Rule 2004 Concerning Pension Liabilities* [Docket No. 7507] (together, the “Rule 2004 Motions”).<sup>3</sup>

2. PROMESA section 211 grants the Oversight Board broad powers to investigate the Commonwealth’s pension system, including an “actuarial study of the [Commonwealth’s] pension liabilities” and a “review of the existing benefits.” *See* PROMESA §§ 211(b)(1), (3). Although the Oversight Board’s advisors have conducted actuarial analyses to determine the projected funding needs for the Commonwealth’s pension systems over the life of the fiscal plan, there has been no serious effort to probe the underlying data that serves as the input to those analyses. In other words, nearly three years after the Oversight Board’s appointment, nobody seems to know the true amount of the Commonwealth’s unfunded pension liabilities (which at various times have been represented to range from \$50 to \$55 billion). At the risk of stating the obvious, to the extent that the true amount of those liabilities is materially lower, billions of dollars of additional resources could potentially be made available, both to fund the Commonwealth’s continued provision of government services and for distribution to creditors.

3. Like Ambac, the Ad Hoc Group has attempted—unsuccessfully—to obtain this information from AAFAF for nearly a year. Because such critical information has not been made available to creditors on a voluntary basis, the Court’s intervention is warranted. For these reasons, and those set forth in the Rule 2004 Motions, the Ad Hoc Group respectfully requests that the Court: (a) authorize an examination pursuant to Rule 2004 into the Commonwealth’s pension liabilities and (b) compel compliance with the Court’s previous orders pertaining to discovery of pension-related information.

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<sup>3</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Rule 2004 Motions.

Dated: June 21, 2019

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